

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
DECEMBER 3, 2019**

ITEM 5

SUBJECT

CONSIDERATION OF A RESOLUTION TO AMEND THE POLICY FOR
IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF)

DISCUSSION

The *Policy* for Implementing the Clean Water State Revolving Fund (CWSRF Policy) was written to implement the federal Clean Water Act's (CWA) CWSRF Program in California. The CWSRF Policy sets forth the requirements to obtain CWSRF and complementary financing.

The State Water Resources Control Board (State Water Board) originally adopted the CWSRF Policy on August 18, 1988 and has amended it periodically. The CWSRF Policy was last amended on November 28, 2018.

Recently, with the implementation of the Financial Information System for California (FI\$Cal), the CWSRF Program has experienced a backlog in processing new funding agreements and funding agreement amendments. The following changes are proposed by the Division of Financial Assistance (Division) to better manage the funding agreement amendment process currently used by the Program. The major changes to the CWSRF Policy include (1) eliminating the Final Budget amendment, and (2) incorporating the Final Budget documentation into the Project Disbursement process.

The proposed revisions are expected to minimize amendments of the executed CWSRF funding agreements, thus allowing contract staff to focus on processing new funding agreements and allow recipients to draw construction funds sooner. Projects that need additional funds as a result of the bidding process may still request an amendment. Other changes include clarifying edits, renaming terms, and synchronizing language between CWSRF Policy and Drinking Water State Revolving Fund Policy.

Two exhibits have been prepared by the Division to explain the proposed CWSRF Policy Amendment: Exhibit A and Exhibit B.

Exhibit A is a strikeout/underline version showing the proposed changes to the CWSRF Policy relative to the existing CWSRF Policy. Most of the proposed changes appear in Sections X and XI of the CWSRF Policy. It uses the following color-coding system (Microsoft Word's Track Changes tool) to indicate original text, deletions, and new text to the existing CWSRF Policy:

Original Text (no change): Black; Deleted Text: Red with strike-through text; and New Text: Red and underlined.

Exhibit B is a clean version of the proposed amended CWSRF Policy showing how the CWSRF Policy would read if all of the Division's proposed changes were approved by the State Water Board.

POLICY ISSUE

Should the State Water Board adopt the proposed CWSRF Policy Amendment to guide implementation of the CWSRF Program?

FISCAL IMPACT

The changes to the CWSRF Policy will assist Division efforts to improve efficiency of the CWSRF Program. There may be negligible fiscal impacts associated with the implementation of the proposed amendment, which will be absorbed in the administrative cost of the program. Applicants may see a decrease in the cost of applying for CWSRF financing since the proposed amendment will reduce the volume of financing agreement amendments and reduce the need for applicants to seek bridge financing.

REGIONAL BOARD IMPACT

The CWSRF Policy amendment will continue to support implementation of Regional Water Board basin plans and enforcement efforts.

STAFF RECOMMENDATION

The State Water Board should adopt the proposed CWSRF Policy Amendment to guide implementation of the CWSRF Program.